Weekly Economic Review

A reprieve in Alberta retail sales

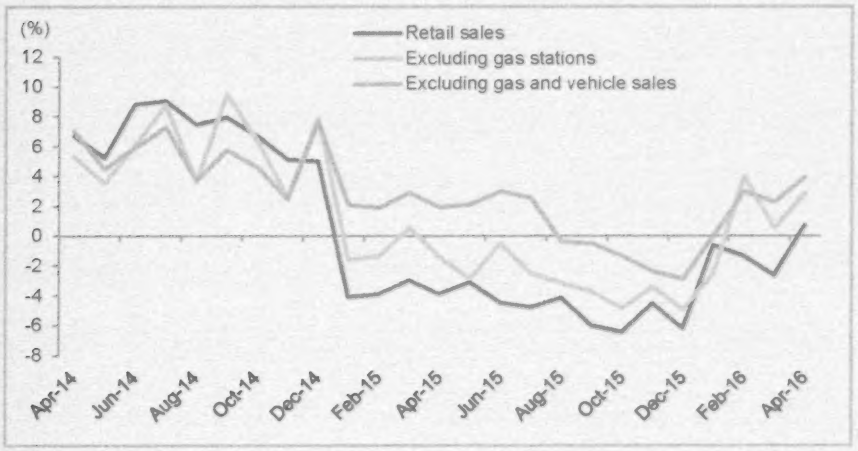
Retail Sales

April gain nearly erases four months of losses

Alberta retail sales showed small signs of improvement in April. Sales ticked up 2.0% from March to $6.3 billion, after falling the previous four months. The monthly increase helped to push sales up 0.7% year-over-year (y/y), the first increase in 16 months (Chart 1). The increase in sales was mainly from a monthly jump in gasoline station sales due to an increase in gas prices. Most store categories experienced growth, with general merchandise store sales (+7.6% y/y) contributing the most. Health and personal care store sales (+19% y/y) and building materials and garden supply sales (+5.9% y/y) also added to growth. Some categories which were previously pulling down growth also showed improvement. Sales at motor vehicle and parts dealers were up 0.7% y/y. Despite the monthly pick-up, retail sales remained down 1.0% year-to-date.

Chart 1: Gas and vehicle sales less of a drag on Alberta retail sales

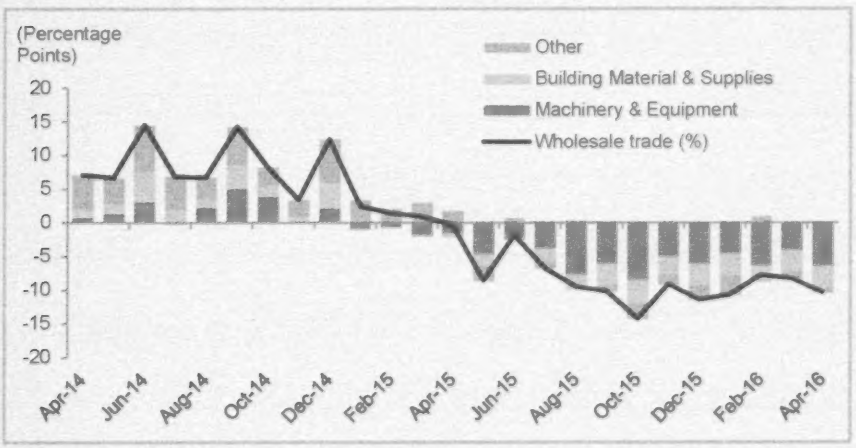
Year-over-year growth in Alberta retail sales



Source: Statistics Canada

Chart 2: Machinery sales drag down wholesale trade

Contribution to year-over-year growth in Alberta wholesale trade



Source: Statistics Canada

Wholesale Trade

Machinery weighs on trade

Wholesale trade in the province continues to hover at over 4-year lows. Trade fell 0.6% month-over-month to $6.2 billion in April, a decline of 11% y/y. This was the fourteenth consecutive month of year-over-year declines. Most types of wholesalers were down year-over-year. Falling sales for machinery and equipment (-21% y/y) accounted for over half of the decline in wholesale trade (Chart 2), while sales for building material and supply wholesalers (-19% y/y) accounted for 31%. Year-to-date, wholesale trade was down 9.9%.

Employment Insurance

Claims and beneficiaries still rising

Elevated Employment Insurance (EI) claims continue to push EI beneficiaries higher. Alberta EI claims ticked up to 31,990 in April. Claims have stayed above thirty thousand for seven consecutive months (Chart 3). The number of regular EI beneficiaries has been rising since September 2014, with an additional 820 beneficiaries in April. Regular recipients totaled 67,860 in April, more than double the level in January 2015. The number of regular beneficiaries continues to climb in

Calgary and Edmonton, accounting for over two-thirds of recipients. Some areas, however, experienced decreases in EI recipients.

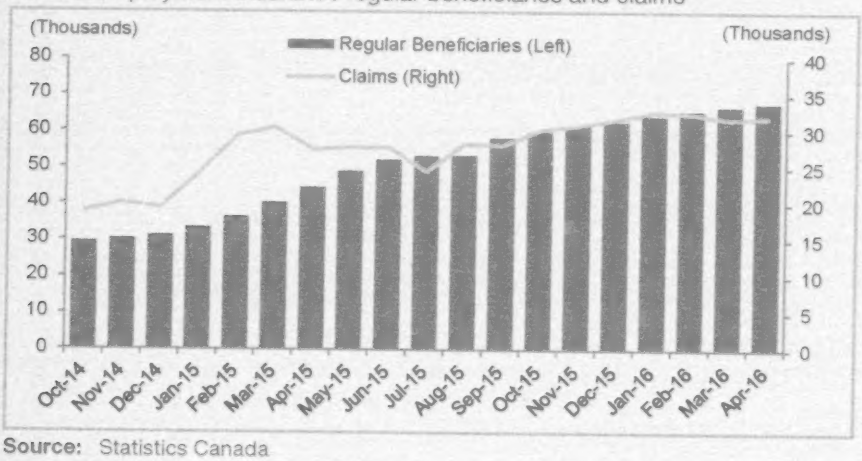
Investment in New Housing Construction

Broad declines in new housing investment

There continues to be less investment in new dwelling construction in Alberta. In April, investment in new housing construction was $738 million, down 28% y/y. So far this year, investment has fallen 24% compared with the same period in 2015. While spending on all new dwelling types were down (Chart 4), the largest contributor was investment in new single dwellings (-36% y/y). Additionally, after maintaining growth up until February, investment in new apartments (-7.8% y/y) fell for the second straight month. Spending declines in new dwelling construction was primarily due to lower activity, as nominal investment fell in line with real investment.

Chart 3: Lay-offs continue to add to Alberta beneficiaries

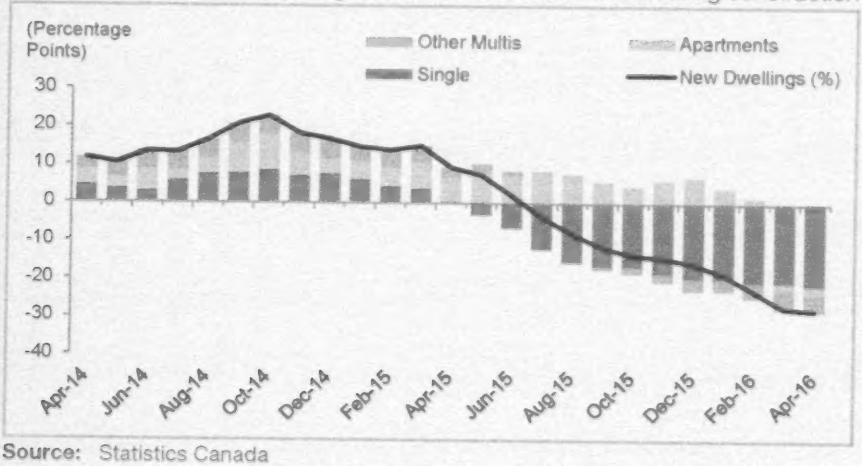
Alberta Employment Insurance regular beneficiaries and claims



Source: Statistics Canada

Chart 4: Broad based declines in new dwelling investment

Contribution to year-over-year growth in investment in new dwelling construction



Source: Statistics Canada

International Travellers

Tourists to Alberta up so far

Travel to Alberta by non-resident tourists remains strong, despite weakness in April. There were 47,728 non-resident tourists entering Alberta in April, a decline of 1.0% from a year prior. The year-over-year decline in April was due to fewer non-US tourists entering Alberta; the number of US tourists was up 2.8% y/y. Travel by Canadians to outside the country remains weak, with 280,948 Canadian tourists landing in Alberta (-14% y/y). This was the result of fewer Canadian tourists returning from the US and non-US destinations compared with a year ago.

Labour Productivity

Productivity falls in 2015

Labour productivity last year fell in the province, pulling the 10-year average productivity growth below that of Canada's. Alberta's labour productivity in 2015 was $70 per hour worked, equal to a 2.9% decline. This pulled down Alberta's 10-year average to 0.5%. Productivity losses were incurred in construction (-11%), retail trade (-8.6%), wholesale trade (-5.3%), and finance and insurance and holding companies (-4.0%). Despite the decline, oil production gains lifted up the mining, oil and gas extraction industry, which recorded an 11% increase in productivity.

Nationally, labour productivity fell 0.4% in 2015, with the Canadian 10-year average at 0.8%.

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.